

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

APPLICATION OF EQUITABLE GAS)	
COMPANY FOR AN ORDER AUTHORIZING)	
THE ISSUANCE OF \$50,000,000 OF)	CASE NO. 8260
9-1/2% CONVERTIBLE SUBORDINATED)	
DEBENTURES, DUE 2001)	

O R D E R

By Order entered June 30, 1981, in the above case, the Commission authorized the issuance by Equitable Gas Company ("Equitable") of up to \$50,000,000 of 9-1/2% Convertible Subordinated Debentures, Due 2001 ("New Debentures") in exchange for the \$50,000,000 of 9-1/2% Convertible Subordinated Debentures, Due 2006 ("Old Debentures") issued in Case No. 8101. The purpose of the proposed issuance was to eliminate the problem resulting from the application of Accounting Principles Board Opinion No. 15 ("APB 15") which required that the Old Debentures be treated as "common stock equivalents".

On March 17, 1982, the Commission received a letter from Equitable stating that in February 1982, the Financial Accounting Standards Board (successor to the Accounting Principles Board) issued its "Statement of Financial Accounting Standards No. 55" which amended APB 15. The Statement substituted the average Aa corporate bond yield in place of the prime rate as the benchmark interest rate in the cash yield test for determining whether convertible debentures are "common stock equivalents".

The Statement is applicable to convertible securities issued after February 28, 1982, or to convertible securities issued before March 1, 1982, in fiscal periods for which annual financial statements have not previously been issued.

In view of this action by the Financial Accounting Standards Board, Equitable indicates that its purpose in obtaining authorization from the Commission has been rendered moot since, with the cash yield test determined by the use of Aa corporate bond yields rather than the prime rate, the Old Debentures will no longer be considered "common stock equivalents". As Equitable will not be issuing the New Debentures authorized by the Commission, it requests that the Order entered June 30, 1981, be cancelled.

The Commission, having considered the matter and being advised, HEREBY ORDERS that its Order entered June 30, 1981, be and it hereby is rescinded.

Done at Frankfort, Kentucky, this 6th day of April, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Randall
Vice Chairman

Don Carrigan
Commissioner

ATTEST:

Secretary